

## DOCUMENT RESUME

ED 112 761

HE 006 757

AUTHOR Doi, James I.  
TITLE College and University Fiscal Administration in the 1970's. The Emergence of a New Frame of Reference.  
INSTITUTION National Association of Coll. and Univ. Business Officers, Washington, D.C.  
PUB DATE Jul 70  
NOTE 7p.  
AVAILABLE FROM National Association of College and University Business Officers, One Dupont Circle, Washington, D.C. 20036  
JOURNAL CIT NACUBO Professional File; v1 n4 Jul 1970  
EDRS PRICE MF-\$0.76 Plus Postage. HC Not Available from EDRS.  
DESCRIPTORS Activism; Administrative Personnel; \*Administrator Attitudes; Administrator Responsibility; Collective Bargaining; Collective Negotiation; Disadvantaged Youth; Educational Economics; \*Educational Finance; \*Enrollment Trends; Financial Policy; \*Higher Education; \*Student School Relationship

## ABSTRACT

The passing of the 1960s brings the hope that the next phase will be characterized by negotiations between conflict groups, a move toward consensus, and will be followed, finally, by a period of relative order and equilibrium. In terms of the relevancy to college fiscal administrators, five major conditions are discussed: (1) Students will no longer tolerate the secrecy that surrounds the allocation process and will demand a say in budget and allocation decisions; (2) Minority and disadvantaged groups desiring to raise themselves will demand a fuller share of opportunities and a reordering of fiscal priorities and, ultimately, an expanded state and federal support for higher education; (3) With the possible exception of many of the newer community colleges, the 1970s will be a period of low growth rate for colleges and universities that will pose decidedly unfamiliar operating situations for administrators in search of internal efficiency and a closer examination of priorities. (4) The press for greater efficiency and economy is likely to give impetus to the formation of collective bargaining units on the campus. (5) The business officer must meet the challenge of the seventies with new technologies both in the direction of efficiency and economy and of a new pattern of human relationships. (JMF)

\*\*\*\*\*  
\* Documents acquired by ERIC include many informal unpublished \*  
\* materials not available from other sources. ERIC makes every effort \*  
\* to obtain the best copy available. Nevertheless, items of marginal \*  
\* reproducibility are often encountered and this affects the quality \*  
\* of the microfiche and hardcopy reproductions ERIC makes available \*  
\* via the ERIC Document Reproduction Service (EDRS). EDRS is not \*  
\* responsible for the quality of the original document. Reproductions \*  
\* supplied by EDRS are the best that can be made from the original. \*  
\*\*\*\*\*



## P R O F E S S I O N A L   F I L E

U.S. DEPARTMENT OF HEALTH,  
EDUCATION & WELFARE  
NATIONAL INSTITUTE OF  
EDUCATION

THIS DOCUMENT HAS BEEN REPRO-  
DUCED EXACTLY AS RECEIVED FROM  
THE PERSON OR ORGANIZATION ORIGIN-  
ATING IT. POINTS OF VIEW OR OPINIONS  
STATED DO NOT NECESSARILY REPRE-  
SENT OFFICIAL NATIONAL INSTITUTE OF  
EDUCATION POSITION OR POLICY.

**COLLEGE AND UNIVERSITY FISCAL ADMINISTRATION IN THE 1970's—  
THE EMERGENCE OF A NEW FRAME OF REFERENCE**

By **DR. JAMES I. DOI**  
*Professor of Higher Education  
Center for the Study of Higher Education  
University of Michigan*

PERMISSION TO REPRODUCE THIS  
COPYRIGHTED MATERIAL BY MICRO-  
FICHE ONLY HAS BEEN GRANTED BY

**NACUBO**  
TO ERIC AND ORGANIZATIONS OPERAT-  
ING UNDER AGREEMENTS WITH THE NA-  
TIONAL INSTITUTE OF EDUCATION.  
FURTHER REPRODUCTION OUTSIDE  
THE ERIC SYSTEM REQUIRES PERMIS-  
SION OF THE COPYRIGHT OWNER.

*This article is an abridged version of a speech given by Dr. Doi at the annual meeting of the Western Association of College and University Business Officers in April, 1970.*

It is now a cliché to say that since Berkeley 1964 American higher education has changed. The conditions have changed! The rules of the game which we took for granted for so long seem no longer appropriate. To say that we know precisely what new rules are appropriate to the new conditions would be an overconfident statement. The unrest, the demonstrations, the campus violence are indicative of a phase in the complex process of social change. The hopeful view is that this phase will be followed by another phase characterized by negotiation between conflict groups, a move toward consensus, and that followed by a final stage in which relative order or equilibrium is once again attained.

In looking to the decade just begun, the seventies, we can at this time identify some of the major conditions and do some speculating on what the new rules might be. In the choice of these conditions and the probable and the possible rule changes, I shall be governed by what I think to be most relevant to college fiscal administration.

Briefly, I shall identify five major conditions:

*Five Major  
Conditions*

1. Student power, a reality born of the sixties which must be taken into account in any contemporary discussion of the governance of colleges and universities;
2. The unbridled desire of minority groups to arise, a phrase used recently by Warren Bennis of Buffalo to describe the push to attain equality, to share the opportunities for a fuller life on the part of the Blacks, the Chicanos, the American Indians, the poor, and the women;
3. The decline of the bull market in higher education, at least as measured by growth in enrollment;
4. Collective negotiation on the campus; and
5. The development and adoption of a new technology of management, among them MIS and some variant of PPBS.

Now for some probable new rules of the game. As rules they pertain not only to the conduct of colleges and universities and people within them but also to the totality of human relationships in our society. To the extent that they do replace the present rules of human conduct, a major cultural shift will have occurred. The understanding of this shift is of greater importance for college and university administrators than the specifics of the foregoing five conditions.

This shift may be expressed as follows.<sup>1</sup>

1. From secrecy to openness;
2. From competitive relationships and independence to cooperative relationships and interdependence;
3. From an exploitative, authoritarian relationship to a supportive, collegial relationship;
4. From self-control to self-expression;
5. From belief in bigness as a virtue and growth in size as a mark of progress to organizational forms, essentially smaller in size, more responsive to change, and increased emphasis on the qualitative dimensions on life;
6. From acceptance of the inequalities of life, such as parental status and wealth, or race, or sex to the erasure of social and economic barriers and the establishment of complete equality.

Add to these conditions and this trend toward new rules, two other elements—the demand for commitment and the impatience with gradualism—and we have the makings of a decade that promises no less turbulence than the second half of the sixties.

What relevance do I see in all this for college fiscal administration? I shall take each of the five conditions and explore how one or more of the new rules might affect college fiscal administration.

#### STUDENT POWER

The university budget and the allocation decisions that go into its making are still among most closely guarded secrets on the campus. The rule of secrecy on many campuses is applied through restricting access to the total budget to a small handful of key administrators and by closed meetings on budget decisions.

In the early sixties, there was an attempt among AAUP circles for the adoption of a very strong statement demanding faculty involvement in allocative decisions. It was an abortive attempt, and in general nothing much came of it. This attempt and the many others at the local level reflect deep faculty concern over the secrecy that shrouds the budget and the allocation process.

But now enter student power. It is a power untempered by the restraint, the gentleness of faculty power. The students have now come to recognize what deans and faculty members learned in past years—namely that money is power. Important things often do not happen in a university unless there is money.

#### *Students Challenged by Secrecy*

The very secrecy that surrounds the allocation process is a challenge to them. The unintelligibility, the complexity of the budget will only goad them further toward cracking its secrets open. And unlike the faculty they will not accept as a legitimate response to their program ideas, "We too are for innovation and new ideas, but the college simply does not have the funds to implement them."

The response now coming from students is that colleges may be spending money for some of the wrong things. It is the same line of reasoning that many adults have followed in questioning the allocation of national resources for the Vietnam War, weapons development, and the space program, when our nation is confronted with the massive and urgent problems of urban blight, of the poor and the disadvantaged, and of air, water, and land pollution. The students will demand with increasing vigor, open budget hearings, full disclosure of fiscal information, and involvement in allocation decisions.

Their demands on budgets and allocation decisions will take them to the final and as yet relatively undisturbed seat of power in the university—the chief fiscal officer. Will he respond as friend or antagonist, as open purveyor of information, or keeper of institutional secrets?

<sup>1</sup> For the idea of this shift and its specifics, I am indebted to Warren Bennis, Vice President of the SUNY at Buffalo. See "Organic Populism: A Conversation with Warren G. Bennis and T. George Harris," *Psychology Today*, February 1970.



Dr. Doi, who earned his M.A. and Ph.D. degrees from the University of Chicago, has been Professor of Higher Education at the University of Michigan since 1964. Previously he had been Director of Institutional Research and Professor of Higher Education at New York University, Professor of Education and Sociology at the University of Colorado, and Budget Analyst and Assistant Chancellor for the New Mexico Board of Educational Finance. Dr. Doi's honorary and professional affiliations include Phi Beta Kappa, American Educational Research Association, Association for the Advancement of Science, American Academy of Social and Political Science, American Association of University Professors, Society for College and University Planning, and the Association for Institutional Research.

### THE DESIRE TO ARISE

Now to the second of the conditions of the 1970's . . . the unbridled desire to arise among the poor and disadvantaged to attain equality, a fuller life. The University of Michigan recently went through what many believe to be a crisis far more serious than any encountered in past years by the SDS and other bands of student activists. The University was faced by a set of demands by the Black Action Movement, among them a commitment to a ten percent black enrollment by 1972-73, support for scholarships to make black enrollment possible, and other related fiscal commitments. Included was a demand for the enrollment of fifty Chicanos by 1972-73, and the appointment of a special recruiter. Not included, but later made separately by a spokesman for the American Indians, was the demand for fifty American Indians and a special recruiter.

#### *Crisis at Michigan*

The Michigan situation took on the character of a serious crisis for two major reasons. First, the black demands received widespread student and faculty support. The black demands were seen by many as morally justified. Aside from the sticky question of a specific quota, the fact that blacks are grossly underrepresented at Michigan and most other state universities is an undeniable fact, a measure of inequality. And secondly, the black demands could only be met by an immediate and major reordering of university priorities for funding. But unlike the SDS and their allied groups, the blacks demanded not only an ideological commitment but also focused on specific, measurable objectives and demanded a guarantee of funds for their attainment.

For each black student, an estimated \$2,000 to \$3,000 in aid has to be found. The upper figure is probably closer to what actual experience will be. Multiply the upper figure by 3,000 students and we have a student aid figure of \$9,000,000 for blacks for fiscal 1972-73. Michigan is viewed by many as an affluent university, but this fiscal commitment is not one that can be borne except by a major reordering of priorities. It will not be easy. The state legislature has as yet to look kindly upon this commitment, and the federal government appears now to be a force charging in the opposite direction.

The magnitude of the Michigan commitment goes beyond the bounds of traditional scholarship systems. It signals what I believe to be the beginning of a new economic principle for higher education . . . support for attendance in a college as a means for the redistribution of the wealth of the nation.<sup>2</sup> It is a burden which must be first borne by the institutions, but because of its magnitude they cannot assume that burden for very long. However, until Congress and state legislatures expand their support for higher education to include special subsidies for youths from disadvantaged families, the task of meanwhile carrying the burden will test the capabilities of college fiscal officers.

<sup>2</sup> Regarding this principle, see Roger Bolton, "The Economics and Public Financing of Higher Education: An Overview," *The Economics and Financing of Higher Education in the United States*, Joint Economic Committee, 91st Congress, U.S. Government Printing Office, 1969.

### THE DECLINE OF THE BULL MARKET

Now let me turn to the third new condition—the change in the prospects for growth in enrollment and growth in size. The “tidal wave” of students of the fifties and sixties was a function of great increase in the number of 18-21 year olds, of increase in proportion of high-school graduates choosing to enter college, and of increase in the number of college graduates continuing their education into graduate schools. The spectacular growth in size of individual institutions, especially the state colleges and universities, was a function of these same three factors plus one other—a relatively small number of institutions then existent and prepared to serve students.

The decade of the seventies presents a quite different picture. The number of 18-21 year olds is expected to increase from 14.3 million in 1970 to 16.0 million by 1975, a moderate increase. But the projection for 1980 is only 16.8 million and for 1985, 17.0 million. In 1940, approximately 25 percent of high school graduates went on to some type of post-high school education; by 1960, 55 percent and today about 70 percent. Our situation now approximates universal post-high school education, the last significantly untapped groups being women and the disadvantaged youths.

Our nation's graduate schools may now be entering a period of over-production and excess capacity. In 1966 Allan Cartter of New York University suggested this unwelcomed possibility as an important change to look for in the mid-70's. At the conference of the American Association for Higher Education in Chicago last spring, he reiterated this warning, noting that this year for the first time since the mid-fifties Ph.D.'s in a number of fields are experiencing employment difficulties.

Finally, in assessing the enrollment growth prospects for the seventies, we must take into account the increase in the number of colleges and universities—from 1,850 in 1955 to about 2,600 this year. The 1960's saw the emergency of state-wide coordination and planning; among its most notable outcomes were the establishment of many new campuses and, in some states, “ceilings” on institutional size. That decade also saw the community college come into its own as a major American institution of higher education.

#### *1970's Will Be Low Growth Rate*

With the possible exception of many of the newer community colleges, the 1970's will be a period of low growth rate for colleges and universities. It will pose a decidedly unfamiliar operating situation for administrators, especially for those weaned on a diet of problems associated with the boom years of the last two decades. For example, mistakes in personnel appointment will be more difficult to cover up by building around such mistakes; it will take more than a gentle squeeze of the budget to produce money for a mid-year crisis; shifts in student mix between levels and between programs will be more difficult budgetarily to cope with; a potential buyer's market for faculty talent reduces the potency of the argument that faculty salaries must be increased in order to maintain a competitive position, and cost-of-living increases will become the major argument for funds for faculty salary increases.

The search for internal efficiency will become a game played for keeps in the forthcoming decade. Closer examination of priorities, the elimination of obsolete or near-obsolete programs, the reassessment of tenure and retirement policies, and a tougher line on personnel practices in general may have to be followed.

But at the same time, our large universities will continue to be pressed by students for smaller class size, more intimate learning situations, the establishment of residential colleges and “Black Studies” programs, etc. The demand for educational innovations, especially those that hold promise for rendering a large university more humane, will not abate. And I have yet to see a major educational innovation directed toward a more intimate, a more personalized learning experience that did not result in increased unit cost.

In short, enrollment increase will in the seventies cease to be a major basis for increased fiscal support, but the inner dynamics, among them, the expectation of salary increases beyond a cost-of-living gain and the press for educational innovation, will require additional fiscal resources.

### COLLECTIVE NEGOTIATION

The press for greater efficiency in internal operations and tougher personnel policies may stimulate the growth of unionism and collective negotiation on the campus—a counter move among both faculty and non-academic employees to protect their gains and strengthen their capacity for obtaining job tenure and continued salary increases. On this point I shall say very little, in part because while I see it as an almost inevitable condition of the seventies, I do not trust my feelings about it. I am tempted to view it as a transitional, a temporary phenomenon which represents a stage in the evolution of a new form of academic community.

#### *Triad Emerging On Campus*

The rational basis for this observation is that we have developed not two but at least three major distinct power entities on the campus—management, employees (and here I am lumping together both faculty and staff), and an organized student body. Our industrial experience with collective negotiation has been based on two groups in conflict—management and labor, a dyad. What we see emerging on the campus is a triad. A triad suggests a political model; not an organizational one. A triadic conflict relationship is in theory unstable. Assuming that no one group has sufficient power to dominate the other two, "A" must in time join with "B" against "C", or with "C" against "B", or "B" must join with "C" against "A". For each conflict issue, a new coalition may form.

Neither collective negotiation nor political coalitions seems in accord with the earlier premise that a new community of values is coming into being. Under either of the two situations, administrators may feel even more strongly compelled toward secrecy than ever before, especially about fiscal matters. Collective negotiation, at least as practiced in industry, does not require that management play with an exposed hand.

That we shall be continually buffeted with such contradictions and countervailing forces is part of the picture of what will be a turbulent decade. It will not be a smooth, unbroken shift from one set of values, from one pattern of human relationships to another.

### THE NEW TECHNOLOGY OF MANAGEMENT

Now let us summarize and in so doing identify the *context* in which the new technology of management will be developed, adopted and used.

A very potent form of student power will force major alterations in the rules of fiscal administration—toward full disclosure of budgets—wider participation in and a more *open* allocation decision process. The demand for immediate entry into colleges by the poor and the disadvantaged will require not only additional funds but also extend the already many functions of higher education to include one other—college attendance as a means for redistributing the wealth of the nation. Until external funds of considerable magnitude are forthcoming, universities shall have to alter funding priorities and in that way take up the burden. The press toward educational innovations—especially those directed toward small groups and individualized experience, will call for increased funding. All this will take place under conditions of low growth rates—in some cases, moderate decline. The fiscal habits of higher education are not attuned to such conditions of growth. The press toward greater efficiency and economy is likely to give impetus to the formation of collective bargaining units on the campus.

Now comes the new technology. As the business officer enters this maelstrom, he will be equipped with what is being heralded as the most promising navigational devices in the house of management technology, PPBS, and MIS. As to his capacity to understand, to adopt this new technology, I have no qualms. I have seen the business officer reorganize, re-train, and re-orient his staff to work in a world of high-speed data processing equipment, computers, and computer print-outs. I have seen him move from object, line item control budgets to control by functional categories, and with the establishment of the state-wide coordinating agencies, once more modify his chart of accounts and reports to conform to a state-wide format. And I have worked with many business officers in designing studies of costs and in developing a structure for continuing fiscal analysis. These I call the technology of fiscal management. Come PPBS, MIS, or similar devices, I am confident of the business officer's capacity to adapt to them.

*New Patterns of  
Human Relationships*

But I have not been equally impressed by the business officer's capacity to adapt to new patterns of human relationships. As a breed of university administrators, they tend to be most comfortable operating in a hierarchical, neatly structured organization, where collegiality is the exception, rather than the rule, where secrecy is a condition of survival, and where facts dominate commitment. Under conditions of stress, they tend to withdraw into the protective shadow of facts and figures, rather than forge out and cope with stress in an expressive, existential way.

The MIS, when developed and operational, will be an interesting test of the business officer's capacity to move in the direction of the new rules. Will he encourage the usage of the MIS to enlighten faculty and students, to enable them to use MIS for informed involvement in the budgetary process? Or will he, as a breed, encourage the development of a web of controls that severely limit access—to increase the power of a select few by virtue of the new wealth of secrets? Will the business officer use the MIS for producing more intricate analyses to compound further the unintelligibility of fiscal reports? Or will he press for the development of analyses that will enable a reasonably intelligent faculty member to understand the principal factors that must be considered in allocation decisions and thus encourage his participation?

These are not easy questions to answer—at least not operationally. But they are important for I believe the business officer's major single challenge of the seventies to be the usage of the new technology both in the direction of efficiency and economy and in the direction of a new pattern of human relationships. The latter will be by far the more difficult, by far the more hazardous, and by far of greater significance for the restructuring of our colleges and universities.